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FISCAL IMPACT STATEMENT

LS 6603

BILL NUMBER: HB 1156

NOTE PREPARED: Jan 19, 2006

BILL AMENDED: Jan 17, 2006

SUBJECT: Various Provisions Concerning Courts.

FIRST AUTHOR: Rep. Richardson

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

STATE IMPACT	FY 2006	FY 2007	FY 2008
State Revenues			
State Expenditures		73,547	150,522
Net Increase (Decrease)		(73,547)	(150,522)

Summary of Legislation: (Amended) This bill has the following provisions:

- A. *Excessive Property Tax Levy* – It limits the amount of an excessive property tax levy for new court operating expenses to the estimate by the taxing unit operating the court of the court's expenses for its first year of operation. It lists the costs that qualify for the excessive levy.
- B. *Sources for Jury Pools* – It requires jury commissioners to use only lists approved by the Supreme Court to determine the names of prospective jurors to be included in a jury pool. It removes provisions that allow the commissioners to select names from various other sources. It repeals definitions of "voter registration lists".
- C. *New Jackson Superior Court* – It adds a second judge to the Jackson Superior Court beginning January 1, 2007.

(The introduced version of this bill was prepared by the Commission on Courts.)

Effective Date: (Amended) Upon passage; July 1, 2006.

Explanation of State Expenditures: *(Revised) Excessive Property Tax Levy* – This bill would have no effect on the staff of the Department of Local Government Finance, who review the need for excessive tax levies after new courts are created.

Sources for Jury Pools – The Indiana Supreme Court developed a series of master lists for broadening the jury pool for each county. This list includes persons who hold driver's licenses and identification cards issued by the Bureau of Motor Vehicles (BMV) and state income tax payers in the same county. Staff at the Department of State Revenue eliminated duplicates and removed individuals identified as deceased, too young for jury service, or no longer residents of Indiana. The Supreme Court made these lists available to each county upon request of the local courts. Currently, about 88 counties have requested this information.

To broaden jury pools, the Supreme Court has issued new rules specifying that counties may choose between using:

- this master list;
- this master list and another source of names such as utility customers, property tax records, or telephone directories;
- a voter registration list supplemented with at least one of the following sources: BMV records, property tax records, telephone directories, and utility customers.

To monitor these efforts, the Supreme Court required that all trial courts identify and report what sources they will use for jury pool assembly by November 30, 2005.

New Jackson Superior Court – The estimated costs for the second judge in the Jackson Superior Court are **\$73,547 for FY 2007 and \$150,522 for FY 2008**.

Background Information on New Court Costs: The following table shows annual projected salaries and benefits for judges. The estimate for the second judge in the Jackson Superior Court for FY 2007 is based on one-half of the 2007 cost.

Projected Salaries and Benefits Based on Statute for Judges by Fiscal Year			
<u>Benefits</u>	2006	2007	2008
Salary*	\$110,500	\$113,262	\$116,094
Life Insurance	\$398	\$408	\$418
Social Security	\$8,453	\$8,665	\$8,881
Judges Retirement Fund - Judge / PERF - Magistrate	\$11,933	\$12,231	\$12,537
Disability Insurance	\$2,519	\$2,582	\$2,647
Costs for Judicial Center	\$1,000	\$1,000	\$1,000
Deferred Comp State Match and Leave Conversion	\$654	\$654	\$654
Health, Dental, and Vision (blended rate)	\$8,291	\$8,291	\$8,291
Total Cost Per Judge	<u>\$143,748</u>	<u>\$147,093</u>	<u>\$150,522</u>
* Assumes an annual salary increase of 2.5%.			

Under IC 33-38-5-8.1, salaries of judicial officers are adjusted each year by the amount that executive staff in the same salary bracket are paid. Between FY 2001 and FY 2005, salary adjustments for state employees in the executive branch ranged from no salary increase in 2002 to an increase of 4% in 2001. For this analysis,

judicial officers are assumed to receive a 2.5% annual salary increase.

State expenditures associated with this bill will also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for these persons will depend on future decisions of the executive branch. The state could absorb an increasing amount of the new health insurance costs or require employees to assume a larger share of the health insurance costs.

Explanation of State Revenues:

Explanation of Local Expenditures: *(Revised) Excessive Property Tax Levy* – Counties pay an estimated 80% of the expenditures for trial courts. When a new court is created and if a county appeals for relief, a county's maximum aggregate levy is increased by the amount that the Local Government Tax Control Board recommends. The recommendation is based on the anticipated operating costs and accounting for anticipated new revenues from court fees. This provision adds language clarifying what types of costs can be included in the excessive levy.

Sources for Jury Pools – All counties would be able to comply with the requirement to use the list of license and identification card holders issued by the BMV. Of the courts in 53 counties that have reported to the Supreme Court, 44 are using the master list, while 9 counties use a combination of voter rolls and BMV records. (See also *Explanation of State Expenditures*.)

New Jackson Superior Court – Jackson County may incur additional costs for new staff and for office facilities for this new court.

Explanation of Local Revenues:

State Agencies Affected: Indiana Supreme Court, Division of State Court Administration.

Local Agencies Affected: All counties.

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for the Judges Retirement Fund; Office of State Court Administration; State Budget Agency.

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